TFSA Investors: 3 Top Canadian Dividend Stocks Trading Near 12-Month Lows

Description

The recent drop in the equity market is giving dividend investors an opportunity to pick up some of Canada's top companies at attractive prices.

Let's take a look at three stocks that have sold off and now look like bargains.

Telus (TSX:T)(NYSE:TU)

Telus currently trades at $44.70, which is pretty close to the low for the year. In early September, investors paid $49 for the stock, so the drop over the past month has been significant, especially for a company that tends to hold up very well when the broader market hits a rough patch.

The dip is likely due to investor fears that rising interest rates are going to hit traditional go-to dividend stocks, such as Telus, that have served as reasonably safe places to put money while interest rates were at such low levels.

It is true that some money will likely flow to GICs, but the dip appears overdone. Telus remains a very strong business and continues to grow its subscriber base and revenue. In addition, the company is past its peak spending on a major capital program, so free cash flow should improve in the next few years and support ongoing dividend growth.

The stock currently provides an attractive 4.7% yield, which is still significantly better than any GIC today.

Sun Life Financial (TSX:SLF)(NYSE:SLF)

Sun Life Financial is a great option for investors who want to have long-term global exposure through a Canadian stock. The company has insurance, asset management, and wealth management businesses in Canada, the United States, the U.K., and Asia. The Asian operations are becoming more significant in the revenue mix, and that trend should continue.

Rising interest rates should bode well for the insurance side of the business, as the funds Sun Life Financial has to set aside to cover potential claims can earn better returns.

The stock is down to $48 from a 12-month high of $56 per share. Dividend growth should continue at a steady pace and the existing payout provides a yield of 4%.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

CNRL is a major player in Canada's energy sector with significant production across a wide spectrum of products, including oil sands, heavy oil, light oil, natural gas, and natural gas liquids.

The company's vast land holdings in the top regions make up one of the best resource portfolios in the industry. One area of specific interest is CNRL’s extensive base in the major gas plays in northeastern British Columbia and northwestern Alberta. The recently announced plan to build a $40 billion LNG facility in Kitimat, B.C. bodes well for gas producers in the province. Additional LNG projects will likely follow.

CNRL raised its dividend by 22% for 2018. Investors who buy today can pick up a yield of 3.6%.

The bottom line

Telus, Sun Life, and CNRL are all leaders in their respective industries and should be solid picks for a buy-and-hold TFSA portfolio.

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3. TSX:CNQ (Canadian Natural Resources Limited)
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